



D E P A R T M E N T O F

# Management & Budget

**REPORT OF PROPOSED  
CHANGES IN EXCESS OF  
\$500,000 TO CURRENT  
CONTRACTS FOR  
COMPUTER SOFTWARE  
DEVELOPMENT,  
HARDWARE  
ACQUISITION, OR  
QUALITY ASSURANCE**

Prepared for  
The Michigan Legislature

September 30, 2008  
State Administrative Board

**Prepared for  
The Michigan Legislature**

**By  
The Department of Management and Budget  
Purchasing Operations**

**In accordance with  
Sec. 710 of Public Act 261 of 2008**

**Questions regarding this report may be directed  
to Greg Faremouth, (517) 241-1646**

**STATE ADMINISTRATIVE BOARD  
CONTRACT CHANGE RECOMMENDATION  
DEPARTMENT OF MANAGEMENT AND BUDGET  
PURCHASING OPERATIONS**

AGENCY SUBMITTAL ☐

DMB PURCHASING SUBMITTAL ☒

**CONTRACT DESCRIPTION:** 071B4200381; Project Control Office and Infrastructure Control Office for the Michigan Child Support Enforcement Services; Department of Information Technology for the Department of Human Services

**CONTRACTOR:**  
EDS, Lansing, MI

**MICHIGAN  
BUSINESS**  
☒

**INCREASE**  
\$9,750,000.00

☒ Check if signed Purchase Request form has been received by Purchasing Operations and reviewed by DMB, or posted on the DMB Intranet in agency's pre-approved contract list.

☒ Check if request is to exercise Contract option(s).  
Requested time period: 10/1/2008 – 9/30/2009 (1 year)

☐ Check if request is to extend Contract (no option in base).  
Time period of extension:

☐ Check if extension is beyond Contract option year(s).  
Time period of extension:

☐ Check if request is for a MiDEAL contract.

**ORIGINAL CONTRACT:** Term: 9/1/2004 – 9/30/2007 Value: \$21,886,020.00  
# of Base Years: 3 Years

**CURRENT CONTRACT VALUE:** \$38,386,020.00

**NEW TOTAL CONTRACT VALUE:** \$48,136,020.00

**PREVIOUS OPTION YEARS:**

	<b>PERIOD (Years)</b>	<b>SAB APPROVAL DATE</b>	<b>\$ Value</b>
<input checked="" type="checkbox"/> Option 1 CN # 3	One	9/18/2007	\$6,500,000.00
<input type="checkbox"/> Option 2 CN #			
<input type="checkbox"/> Option 3 CN #			
<b>Total</b>			<b>\$6,500,000.00</b>

**PREVIOUS EXTENSIONS: 0**

**CHANGE TOTAL:** Total number of processed changes to time, scope, and/or dollars: 2

**FIRST AND LAST CHANGE NOTICES:**

	<b>TYPE OF CHANGE:</b>	<b>SAB APPROVAL DATE</b> (if applicable)	<b>VALUE OF CHANGE:</b>	<b>DATE CCN PROCESSED</b>
<b>First CN</b>	New pricing schedule	N/A	\$0	4/7/2005
<b>Last CN</b>	Added funds and exercise option year one	9/18/2007	\$6,500,000.00	9/18/2007

<b>FUNDING SOURCE:</b>	<b>PERCENTAGE</b>	<b>COMMENTS</b>
<b>Federal Funds</b>	<b>66%</b>	
<b>General Funds</b>	<b>34%</b>	

**ESTIMATED INCREASE DETAILED BY FISCAL YEAR(S):**

<b>FY</b>	<b>Dollar Amount</b>
2009	\$9,750,000.00

**PURCHASE JUSTIFICATION:**

**Description of Product/Service Modification Requested and Process Explanation:**

This request is to exercise the remaining option year available on the EDS contract. This contract is for the continuation of the Michigan Child Support Enforcement Services (MiCSES) Project Control and Infrastructure Control Offices contract which is comprised of two components: Schedule Control; and Technical Control (Infrastructure Support Services).

**Purpose/Business Case of Amendment or Extension, and Expected Outcomes:** This contract provides critical and essential staffing resources to support and maintain the legally mandated child support system. Responsibilities of the contractor include: data base administration, data modeling, technical infrastructure support, configuration management, batch process execution, systems interface support, development/testing tools support, the development and tracking of project schedules, issues, risks, and resource allocations.

**Risk Assessment:** Without the system support the stability of the MiCSES system would be at risk and could result in the failure to appropriately distribute child support collections to families and to the state, and non-compliance with federal child support regulations. Penalties for a non-compliant child support program are a one to five percent reduction in the State's IV-A (TANF) funding. Penalties for a non-compliant automated child support enforcement system include the suspension of Federal Financial Participation (\$34.5M) for MiCSES annual operations. New federal requirements imposed by the Deficit Reduction Act of 2005 (DRA of 2005; Public Law 109-171) require significant system modifications in order to meet changes in policy and regulation. This contract is needed to protect the health, safety, and welfare of Michigan children.

**PRICE CLAUSE:** Firm, fixed price.

**CS-138 #:** 084S3000018

**COST REDUCTION/SAVINGS CONSIDERATIONS:**

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☒ **Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?**

**PURCHASING APPROVALS**

\_\_\_\_\_  
Joann Klasko, Buyer

\_\_\_\_\_  
Manager Signature

\_\_\_\_\_  
Greg Faremouth  
IT Division Director

\_\_\_\_\_  
Elise A. Lancaster  
Purchasing Operations Director

**AGENCY APPROVALS**

Authorized Agency Representative (printed)
Authorized Agency Representative Signature

Return Information:
Contact Name:
ID Mail:
Phone No.:
e-Mail:



		<b>Total</b>	<b>\$11,566,500.00</b>
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**PREVIOUS EXTENSIONS: 0**

**CHANGE TOTAL:** Total number of processed changes to time, scope, and/or dollars: 7

**FIRST AND LAST CHANGE NOTICES:**

	<b>TYPE OF CHANGE:</b>	<b>SAB APPROVAL DATE</b> (if applicable)	<b>VALUE OF CHANGE:</b>	<b>DATE CCN PROCESSED</b>
<b>First CN</b>	Change vendor mail code and, provide vendor representatives telephone number		\$0.00	4/23/2001
<b>Last CN</b>	Adding funds to correct discount taken incorrectly on this contract	7/11/2006	\$592,000.00	7/19/2008

<b>FUNDING SOURCE:</b>	<b>PERCENTAGE</b>	<b>COMMENTS</b>
Federal Fund	75%	
General Fund	25%	

**ESTIMATED INCREASE DETAILED BY FISCAL YEAR(S):**

<b>FY</b>	<b>Dollar Amount</b>
2009	\$2,672,347.00

**PURCHASE JUSTIFICATION:**

**Description of Product/Service Modification Requested and Process Explanation:** This request is to add funds for ongoing data warehouse support and changes which are required for the Department of Community Health's CHAMPS project. CHAMPS is the Department of Community Health's (DCH) Medicaid Processing System. The work requested is in accordance with the following terms on this contract: Section I-A Purpose, "The purpose of this agreement is to obtain the services of the Bull HN Information Systems, Inc. (aka Integrus) that will provide, install, and implement an Executive Information System/Decision Support System (EIS/DSS), which will give DCH the capacity to support State and Federal reporting needs." Section I-AA Modification of Service – page 13 states, "The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract". Section II-C Tasks states, 3.) "The Contractor will propose a written change order control process to be used by the State to manage changes in Contractor deliverables or duties. The goal of this process will be to ensure that efforts, duties, and deliverables are in adherence to and in compliance with terms of the State's contracts with outside vendors. 4.) The Contractor will ensure that any enhancements and bug fixes meet and do not conflict with State and Federal reporting requirements."

**Purpose/Business Case of Amendment or Extension, and Expected Outcomes:** The vendor will continue to transition to the Department of Information Technology's (DIT) Data Warehouse Team some of the work to load additional data set on the Data Warehouse, along with the responsibility for the system support for extraction and load routines. In addition, the vendor will provide professional services for CHAMPS conversion and integration support related to the Data Warehouse, to align with the implementation of CHAMPS.

**Risk Assessment:** Without this purchase being made, the State of Michigan will no longer have support for the Data Warehouse and the CHAMPS project implementation timelines will be delayed. Medicaid is a federally mandated program that provides needed medical services for the eligible citizens of Michigan. These services would be drastically reduced if the State was unable to continue with support of the Data Warehouse.

**PRICE CLAUSE:** Net 45

**CS-138 #:** 084S300018

**COST REDUCTION/SAVINGS CONSIDERATIONS:**

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☒ **Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?**

**PURCHASING APPROVALS**

\_\_\_\_\_  
Joann Klasko, Buyer

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Manager Signature

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Greg Faremouth  
IT Division Director

\_\_\_\_\_  
Elise A. Lancaster  
Purchasing Operations Director

**AGENCY APPROVALS**

Authorized Agency Representative (printed)
Authorized Agency Representative Signature

Return Information:
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